



House of Representatives

General Assembly

File No. 43

January Session, 2003

House Bill No. 6377

House of Representatives, March 20, 2003

The Committee on Insurance and Real Estate reported through REP. OREFICE of the 37th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING FINANCIAL OVERSIGHT OF INSURERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2003*) (a) The Insurance
2 Commissioner shall maintain as confidential any documents, materials
3 or other information received from (1) the National Association of
4 Insurance Commissioners or the International Association of Insurance
5 Supervisors, or (2) regulatory or law enforcement officials of this state
6 or other jurisdictions when the documents, materials or other
7 information are confidential by law in those jurisdictions. Such
8 documents, materials or other information obtained by the
9 commissioner shall be given confidential treatment, shall not be subject
10 to subpoena and shall not be made public by the commissioner or any
11 other person except that the commissioner may share the documents,
12 materials or other information in accordance with subsection (b) of this
13 section.

14 (b) The commissioner may share such confidential documents,

15 materials or other information with regulatory or law enforcement
16 officials of this state or other jurisdictions, or with the National
17 Association of Insurance Commissioners or the International
18 Association of Insurance Supervisors if, prior to sharing the
19 documents, materials or other information, the officials or association
20 demonstrate by written statement the necessary authority and intent to
21 provide to the documents, materials or other information the same
22 confidential treatment required of the commissioner under subsection
23 (a) of this section.

24 Sec. 2. Subsection (d) of section 38a-8 of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective*
26 *October 1, 2003*):

27 (d) The commissioner shall develop a program of periodic review to
28 ensure compliance by the Insurance Department with the minimum
29 standards established by the National Association of Insurance
30 Commissioners for effective financial surveillance and regulation of
31 insurance companies operating in this state. The commissioner shall
32 adopt regulations, in accordance with the provisions of chapter 54,
33 pertaining to the financial surveillance and solvency regulation of
34 insurance companies and health care centers as are reasonable and
35 necessary to obtain or maintain the accreditation of the Insurance
36 Department by the National Association of Insurance Commissioners.
37 [The commissioner shall maintain, as confidential, any confidential
38 documents or information received from the National Association of
39 Insurance Commissioners, or the International Association of
40 Insurance Supervisors, or any documents or information received from
41 state or federal insurance, banking or securities regulators or similar
42 regulators in a foreign country which are confidential in such
43 jurisdictions. The commissioner may share any information, including
44 confidential information, with the National Association of Insurance
45 Commissioners, the International Association of Insurance
46 Supervisors, or state or federal insurance, banking or securities
47 regulators or similar regulators in a foreign country so long as the
48 commissioner determines that such entities agree to maintain the same

49 level of confidentiality in their jurisdiction as is available in this state.]
50 The commissioner may engage the services of, at the expense of a
51 domestic, alien or foreign insurer, attorneys, actuaries, accountants
52 and other experts not otherwise part of the commissioner's staff as may
53 be necessary to assist the commissioner in the financial analysis of the
54 insurer, the review of the insurer's license applications, and the review
55 of transactions within a holding company system involving an insurer
56 domiciled in this state.

| | |
|--|------------------------|
| This act shall take effect as follows: | |
| Section 1 | <i>October 1, 2003</i> |
| Sec. 2 | <i>October 1, 2003</i> |

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Type | FY 04 \$ | FY 05 \$ |
|-----------------|-----------------|----------|----------|
| Insurance Dept. | IF - Net Impact | None | None |

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill results in no net impact on the Insurance Fund. The Insurance Fund is the source of funding for the Department of Insurance (DOI).

Although the bill allows the DOI to utilize the services of consultants when examining insurers, the costs of the consultants would be borne by the insurer being examined. It is anticipated that these consultants would be required two - three times per year.

The confidentiality and information sharing provisions of the bill would not result in a fiscal impact.

OLR Bill Analysis

HB 6377

AN ACT CONCERNING FINANCIAL OVERSIGHT OF INSURERS**SUMMARY:**

The bill makes several changes in the insurance commissioner's duties concerning confidentiality and sharing of information with other officials. It (1) requires the commissioner to keep confidential any document, material, or information received from the national or international associations of insurance regulators, rather than only those the associations classify as confidential; (2) allows the commissioner to share confidential documents, material, or information with law enforcement officials; and (3) adds such confidential items received from law enforcement officials to the list of records and information she must keep confidential.

The bill also authorizes the commissioner to use the services of attorneys, accountants, and other experts necessary to help her (1) conduct a financial analysis of an insurer, (2) review an insurer's license application, or (3) review transactions within an insurance holding company system domiciled in Connecticut. The use of outside experts is authorized only when they are not otherwise available on the commissioner's staff. The domestic, out-of-state or foreign insurer subject to the examination or review must pay the cost of using such experts.

EFFECTIVE DATE: October 1, 2003

CONFIDENTIALITY

The bill requires the commissioner to maintain as confidential any document, material, or information received from (1) the National Association of Insurance Commissioners (NAIC) or the International Association of Insurance Supervisors (IAIS) or (2) Connecticut and other state or foreign regulatory or law enforcement official, if the document, material, or information is maintained as confidential in their jurisdiction. It prohibits such document, material, or information from being subpoenaed or publicly disclosed.

The bill also permits the commissioner to share such confidential documents, material, and information with Connecticut and other state and foreign regulatory or law enforcement officials, including the NAIC and IAIS if they demonstrate in writing the authority and intent to give such records the same level of confidentiality the commissioner must give them under the bill.

Under current law, the commissioner maintains as confidential only confidential documents or information received from the NAIC or IAIS and state or federal insurance, banking or securities regulators or similar regulators in foreign countries. She is also authorized to share such information only with the above entities, as long as she determines that they will maintain the same level of confidentiality in their jurisdiction as is available in Connecticut.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 14 Nay 0